

SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all of the information which may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the whole document including the appendices hereto, which constitute an integral part of this document, before you decide to [REDACTED].

There are risks associated with any investment. Some of the particular risks in [REDACTED] are summarised in the section headed “Risk Factors” in this document. You should read such section carefully before you decide to [REDACTED].

Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of Technical Terms” in this document.

OVERVIEW

We are an integrated digital marketing service provider, ranking second among all digital marketing service providers in Hong Kong in terms of revenue for the year ended 31 March 2014 according to the Ipsos Report. Established in 2007, we have developed into an integrated digital marketing service provider with business operations in Hong Kong and the PRC. We mainly utilise digital media such as websites, apps, mobile sites and social media platforms to plan and implement marketing strategies and launch marketing campaigns for advertisers which include local and international brands across various business sectors, NGOs and public bodies. Our digital marketing services are provided to advertisers directly or through advertising agencies.

In recognition of our service quality, we received a number of awards from the Marketing Magazine’s Agency of the Year Awards (Hong Kong), a leading barometer of agency performance in Hong Kong, in particular, we were the winner of the “Local Hero of the Digital Agency of the Year Award” for three consecutive years from 2012 to 2014.

OUR PRINCIPAL BUSINESS

Our business comprises the provision of (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services:

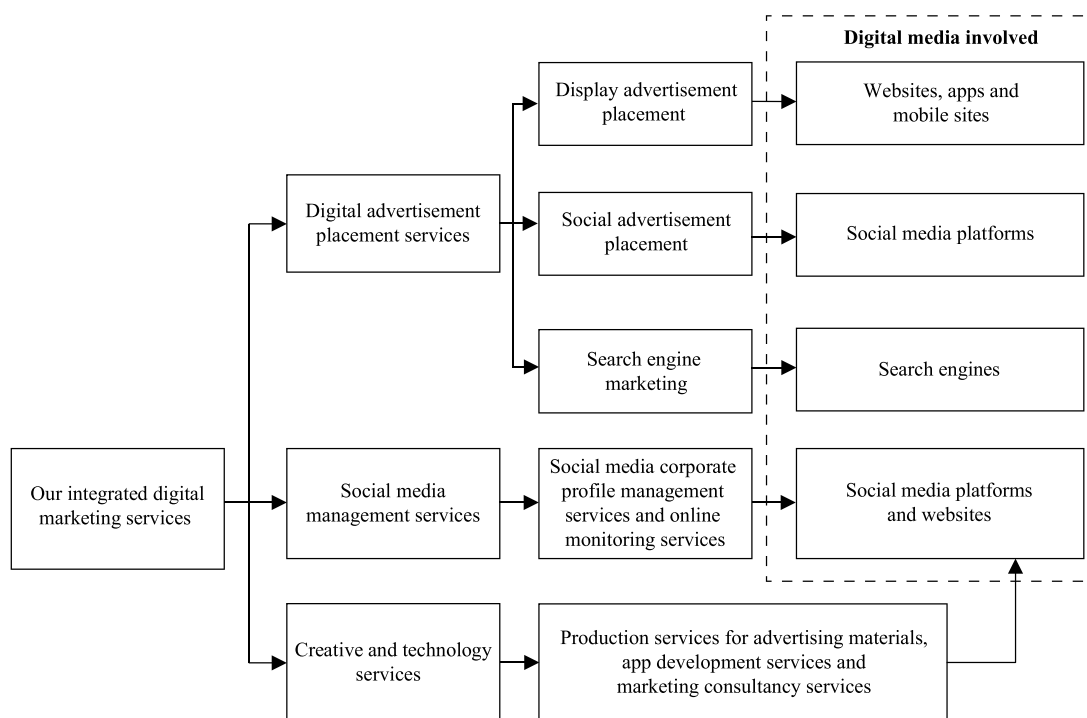
- **digital advertisement placement services** – our digital advertisement placement services mainly comprise (a) display advertisement placement on websites, apps and mobiles sites; (b) social advertisement placement on social media platforms; and (c) search engine marketing via search engines. Our revenue is derived from advertising space procurement and advertisement placement on the digital media;
- **social media management services** – our social media management services mainly comprise (a) social media corporate profile management services; and (b) online monitoring services. Our revenue is derived from the development, customisation and maintenance of corporate

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profile pages of the advertisers and the monitoring of the advertisers’ corporate profile pages and activities relating to the advertisers across the Internet (including social media platforms and websites); and

- **creative and technology services** – our creative and technology services mainly comprise (a) production services for advertising materials; (b) app development services; and (c) marketing consultancy services. Our revenue is derived from the design and production of advertising materials (such as display advertisements and social advertisements), websites, mobile sites and corporate profile pages. Our revenue is also derived from app development and provision of marketing consultancy services.

The following diagram illustrates the three categories of digital marketing services provided by us and the digital media involved:



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The following table sets forth our revenue from, and our gross profit and gross profit margin of, each category of digital marketing services during the Track Record Period:

	For the year ended 31 March			For the year ended 31 March			For the eight months ended 30 November		
	2013			2014			2014		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Digital advertisement placement services	31,191	10,820	34.69	39,974	14,751	36.90	35,610	12,376	34.75
Social media management services	34,591	14,939	43.19	47,196	20,807	44.09	37,227	14,608	39.24
Creative and technology services	23,266	13,582	58.38	25,424	12,756	50.17	22,255	14,263	64.09
Total:	89,048	39,341	44.18	112,594	48,314	42.91	95,092	41,247	43.38

Our growth is supported by the rapid development of the digital marketing service industry, in particular (i) the rapid proliferation of Internet and mobile connected devices; (ii) the ongoing permeation of the Internet into people’s daily lives; and (iii) the availability of an additional marketing media offering greater flexibility than traditional marketing media, leading to an increasing demand for digital marketing services and the growth of the entire industry. For the years ended 31 March 2013 and 31 March 2014, our total revenue amounted to approximately HK\$89.05 million and HK\$112.59 million, respectively, representing a year-on-year growth of approximately 26.43%. For the eight months ended 30 November 2013 and the eight months ended 30 November 2014, our total revenue amounted to approximately HK\$75.76 million and HK\$95.09 million, respectively, representing a period-on-period growth of approximately 25.53%. During the Track Record Period, we maintained an overall gross profit margin of over 42.91%.

COMPETITIVE STRENGTHS

We believe our success is attributable to, among other things, the following competitive strengths:

- proven track record in providing integrated digital marketing services to reputable clients;
- solid client base in Hong Kong with an expanding business in the PRC;
- leading market position and strong brand recognition in the digital marketing service industry; and
- experienced management team and responsive and creative employees.

For details, please refer to the section headed “Business – Competitive Strengths” on page 95 to page 98 of this document.

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BUSINESS STRATEGIES

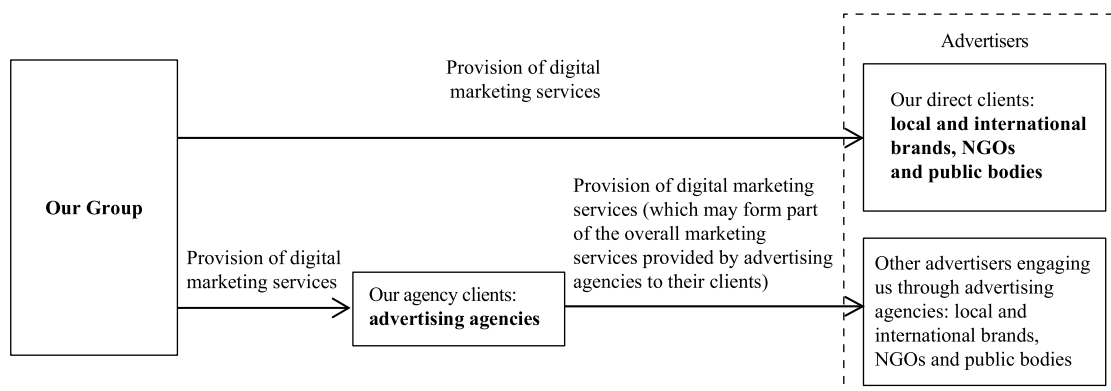
To maintain our market share, enhance our service quality and attract more clients to engage our services, we intend to implement the following business strategies:

- continue to expand our client base and business operations;
- strengthen and broaden our existing range of digital marketing services; and
- pursue growth through selective mergers and acquisitions.

For details, please refer to the section headed “Business – Business Strategies” on page 98 to page 99 of this document.

CLIENTS

During the Track Record Period and as at the Latest Practicable Date, we had a wide and diversified client base. The following diagram sets forth our relationships with our clients which include local and international brands, NGOs, public bodies and advertising agencies:



For details, please refer to the section headed “Business – Clients” on page 112 to page 115 of this document.

SUPPLIERS

During the Track Record Period, our suppliers mainly included operators of websites, apps, mobile sites, social media platforms and search engines, reputable commentators and our major supplier for online monitoring services. For details, please refer to the section headed “Business – Suppliers” on page 115 to page 123 of this document.

SHAREHOLDER INFORMATION

Controlling Shareholders

Our Controlling Shareholders are Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang and Cooper Global (which is held as to 50% by each of Mr. Alan Yip and Ms. Karin Wan). By virtue of an acting in concert confirmation and undertaking dated 2 January 2014, Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang, being our founders and Directors, will together be entitled to exercise and control approximately 38.43% of the entire issued share capital of our Company upon the completion of the

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[REDACTED] and the [REDACTED] (assuming that [REDACTED] is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme). Each of our Controlling Shareholders, our Directors, our substantial shareholders and their respective close associates does not have any interest in a business apart from our Group’s business which competes or may compete, directly or indirectly, with our Group’s business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

For details, please refer to the section headed “History, Development and Reorganisation – Acting in Concert Confirmation and Undertaking” on page 80, and the section headed “Relationship with our Controlling Shareholders – Independence from our Controlling Shareholders” on page 139 to page 141, of this document.

[REDACTED] Investors

Pursuant to the Subscription and Shareholders Agreement, our [REDACTED] Investors, namely HGI Finanves, HGI Growth and Huayi Brothers, each subscribed for 987, 3,870 and 6,450 AdBeyond BVI Preferred Shares for the considerations of HK\$987, HK\$16,738,676 and HK\$27,897,794, representing approximately 3.06%, 12.00% and 20.00% of the issued share capital of AdBeyond BVI as enlarged by the issue of the AdBeyond BVI Preferred Shares, respectively. As part of our Reorganisation, the AdBeyond BVI Preferred Shares [had been converted] into ordinary shares in AdBeyond BVI on a one-for-one basis. For details, please refer to the section headed “History, Development and Reorganisation – Our [REDACTED] Investors” on page 81 to page 84 of this document.

Amended Anti-Dilution Right of Huayi Brothers and Waiver from Strict Compliance with Rule 12.11 of the GEM Listing Rules

Pursuant to the Subscription and Shareholders Agreement, our [REDACTED] Investors enjoyed certain preferential rights including, among other things, anti-dilution and price adjustment rights. Pursuant to the Supplemental Deed, subject to the compliance with the relevant laws and regulations and obtaining the written approval or consent from the Stock Exchange, Huayi Brothers has the right to, but may choose not to, subscribe, in connection with [REDACTED], at [REDACTED], for no more than [REDACTED] (including the additional Shares [REDACTED] by our Company in connection with the exercise of [REDACTED]) subject to the conditions of the Supplemental Deed (the “**Amended Anti-Dilution Right of Huayi Brothers**”).

Other than the Amended Anti-Dilution Right of Huayi Brothers, all special rights of the [REDACTED] Investors were terminated on [18 March] 2015. Upon [REDACTED], the Amended Anti-Dilution Right of Huayi Brothers in connection with [REDACTED] will lapse and cease to have effect. The Amended Anti-Dilution Right of Huayi Brothers in connection with [REDACTED] will lapse and cease to have effect upon the full exercise or lapse of [REDACTED] in connection with [REDACTED] on [8 April] 2015. According to Rule 12.11 of the GEM Listing Rules, there must be no dealing in the Shares by any of our core connected person from the time of submission of the application for [REDACTED] until [REDACTED], unless otherwise permitted by the Stock Exchange. An application has been made to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 12.11 of the GEM Listing Rules in relation to the exercise of the Amended Anti-Dilution Right of Huayi Brothers. For details, please refer to the section headed “Waiver from Strict Compliance with the GEM Listing Rules” on page 42 to page 43 of this document.

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KEY OPERATIONAL AND FINANCIAL DATA

The following tables set forth the combined financial information of our Group for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2013 and 30 November 2014, and should be read in conjunction with the financial information included in the Accountants’ Report set out in Appendix I to this document.

Summary of combined statements of profit or loss and other comprehensive income and combined statements of financial position

	Year ended 31 March		Eight months ended 30 November	
	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000 (unaudited)	2014 HK\$'000
Revenue	89,048	112,594	75,755	95,092
Profit before tax	16,699	7,114	11,046	10,762
Total comprehensive income for the year/period	<u>13,710</u>	<u>4,543</u>	<u>9,194</u>	<u>8,740</u>
	As at 31 March		As at 30 November	
	2013 HK\$'000	2014 HK\$'000	2014 HK\$'000	
Non-current assets	5,211	6,011	9,103	
Current assets	66,906	60,368	69,721	
Current liabilities	11,148	14,825	17,958	
Non-current liabilities	766	608	1,180	
Net assets	60,203	50,946	59,686	

Our revenue increased by approximately 26.43% from approximately HK\$89.05 million for the year ended 31 March 2013 to approximately HK\$112.59 million for the year ended 31 March 2014 and increased by approximately 25.53% from approximately HK\$75.76 million for the eight months ended 30 November 2013 to approximately HK\$95.09 million for the eight months ended 30 November 2014.

Our gross profit margin had remained stable in the range of approximately 42.91% to 44.18% throughout the Track Record Period.

Our Group maintained a net asset position of approximately HK\$60.20 million, HK\$50.95 million and HK\$59.69 million as at 31 March 2013, 31 March 2014 and 30 November 2014, respectively.

For details, please refer to the section headed “Financial Information – Review of Historical Results of Operations” on page 188 to page 194 of this document.

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Operating cash flow

The following table sets forth a summary of our combined statements of cash flows during the Track Record Period:

	For the year ended 31 March		For the eight months ended
	2013	2014	30 November 2014
	HK\$'000	HK\$'000	HK\$'000
Net cash (used in)/from operating activities	(310)	(7,086)	3,748
Net cash (used in)/from investing activities	(11,606)	726	976
Net cash from/(used in) financing activities	33,552	(13,822)	(15)
Net increase/(decrease) in cash and cash equivalents	21,636	(20,182)	4,709

For details, please refer to the section headed “Financial Information – Liquidity and Capital Resources – Cash flows” on page 203 to page 205 of this document.

For the year ended 31 March 2014, as (i) longer credit periods were offered to our well-established direct clients and agency clients and (ii) we had experienced delayed settlement from clients of large-scale projects, well-established local and international brands and advertising agencies, our trade and bills receivables increased by approximately HK\$10.69 million, which resulted in net cash used in operating activities of approximately HK\$7.09 million for the year ended 31 March 2014. Net cash from investing activities for the year ended 31 March 2014 was primarily attributable to the repayment from the Shareholders of approximately HK\$6.82 million. Net cash used in financing activities of approximately HK\$13.8 million for the year ended 31 March 2014 mainly represented the dividends paid during the year.

Summary of financial ratios

The following table sets forth some key financial ratios of our Group for the years/period indicated:

	As at/For the year ended		As at/For the
	31 March		eight months ended
	2013	2014	30 November 2014
Current ratio (<i>Note 1</i>)	6.00 times	4.07 times	3.88 times
Gearing ratio (<i>Note 2</i>)	0.09%	0.07%	0.04%
Return on assets (<i>Note 3</i>)	19.01%	6.84%	16.63%
Return on equity (<i>Note 4</i>)	22.77%	8.92%	21.96%
Net profit margin (<i>Note 5</i>)	15.39%	4.09%	9.11%

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year/period end.
2. Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective year/period end.

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3. Return on assets is calculated by the total comprehensive income for the full financial year divided by the total assets as at the respective year end and multiplied by 100%. For the eight months ended 30 November 2014, the calculation of return on assets is based on the total comprehensive income for the period divided by the total assets of our Company, multiplied by 12/8, and then multiplied by 100%.
4. Return on equity is calculated by the total comprehensive income for the full financial year divided by the total equity as at the respective year end and multiplied by 100%. For the eight months ended 30 November 2014, the calculation of return on equity is based on the total comprehensive income for the period divided by the total equity of our Company, multiplied by 12/8, and then multiplied by 100%.
5. Net profit margin is calculated by the profit for the year/period divided by the revenue for the respective year/ period and multiplied by 100%.

For details, please refer to the section headed “Financial Information – Summary of Key Financial Ratios” on page 208 to page 210 of this document.

DIVIDENDS AND DIVIDEND POLICY

For the years ended 31 March 2013 and 2014 and the eight months ended 30 November 2014, our Group declared dividends of approximately HK\$10.69 million, HK\$13.80 million and nil, respectively. Our Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment, subject to the applicable laws and regulations and the approval of our Shareholders. The amount of any dividends to be declared and paid in the future will depend on, among other things, our dividend policy, results of operations, cash flows and financial conditions, operating and capital requirements and other relevant factors. We currently do not have any predetermined payout ratio.

OUR LATEST DEVELOPMENT

Our business model has remained unchanged and our growth in revenue and cost structure has remained stable since 30 November 2014. Since 30 November 2014 and up to the Latest Practicable Date, we had entered into [291] new engagements with a total contract sum of approximately HK\$[22.36] million. For the [one] month ended [31 December 2014], our revenue amounted to approximately HK\$[13.51] million.

The amount of revenue disclosed above is extracted from the unaudited combined financial statements for the [one] month ended [31 December 2014] prepared by our Directors in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the HKICPA, which are unaudited but have been reviewed by our reporting accountants in accordance with the Hong Kong Standards on Review Engagements 2410 “Review on Interim Financial Information performed by the Independent Auditor of the Entity”.

As at the Latest Practicable Date, save for [REDACTED] as discussed below, we [did not have] any significant non-recurrent items in our combined statements of profit or loss and other comprehensive income.

[REDACTED]

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[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

[REDACTED]

For details, please refer to the section headed “Business Objectives and Future Plans” on page 144 to page 152 of this document.

NO MATERIAL ADVERSE CHANGE

Save as disclosed in “Our Latest Development” and “[REDACTED]” in this section, our Directors confirm that, since 30 November 2014 and up to the Latest Practicable Date, (i) there had been no material adverse change in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position; (ii) there was no material adverse change in the trading and financial position or prospects of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants’ Report set out in Appendix I to this document.

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[REDACTED]

NON-COMPLIANCE INCIDENTS

During the Track Record Period, we failed to comply with certain applicable laws and regulations, including non-compliance with the Predecessor Companies Ordinance and the business scope of one of our subsidiaries in the PRC. As at the Latest Practicable Date, such non-compliance incidents had been rectified. Our Directors consider that such non-compliance incidents will not have any material operational or financial impact on us. In order to prevent recurrence of such non-compliance incidents, we have enhanced our internal control measures. For details, please refer to the section headed “Business – Legal Proceedings and Compliance – Regulatory compliance” on page 133 to page 137 of this document.

RISK FACTORS

Our business is subject to a number of risks and uncertainties, including the following highlighted risks: (i) we may not be able to register our existing brand name which could affect our results of operations; (ii) we rely on VDS as our major supplier in the provision of online monitoring services, and any disruption in the provision of services from VDS or our inability to identify alternative service providers may affect our business operations and financial results; (iii) our clients may delay in settlement of our bills, which may result in a material adverse impact on our business, financial conditions and results of operations; (iv) our reputation, brand name and business could be adversely affected by instances of misconduct by third parties; and (v) if we are unable to secure engagements from clients through the tendering process, our business and financial performance may be adversely affected and the sustainability of our business may also be adversely affected.

[REDACTED]